

Message Text

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44

ACTION OPIC-06

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----- 088160

P 021216Z MAR 76

FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 9227

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY MASERU

UNCLAS MBABANE 0319

STATE PASS COMMERCE AND OPIC

E.O. 11652: N/A

TAGS: EMIN, BEXP, WZ

SUBJECT: SWAZILAND BARITE DEPOSIT

REF: (A) STATE 41887, (B) MBABANE 0234

1. IN LATE FEBRUARY, EMBASSY MBABANE RECEIVED A COPY OF A LETTER TO RMA SWEETWOOD IN JOHANNESBURG FROM W. R. JORDAN OF IMCO SERVICES, SOUTH AFRICA, STATING THAT IMCO SERVICES HAS NO INTEREST IN DOING FURTHER BUSINESS WITH SWAZILAND BARYES COMPANY "SO LONG AS ITS PRESENT OWNERSHIP AND OPERATION IS EFFECTIVE." COPIES OF THIS LETTER WERE ALSO SENT TO HENRY NATHAN OF NIDCS AND DR. DEVLETTER O GEOLOGICAL SURVEY AND MINES IN SWAZILAND. ACCORDING TO JORDAN, HE WROTE THIS LETTER BECUASE HE BELIVED THAT MR. KLIPEN, THE SOUTH AFRICAN BUSINESSMAN WHO IS CURRENTLY THE PRINCIPAL SHARE HOLDER IN SWAZILAND BARYTES, HAD SIGNED A CONTRACT WITH IMCO THAT HE COULD NOT FULFILL.

2. ON MARCH 2, EMBASSY RECEIVED A LETTER ADDRESSED TO CHARGE FROM NATHAN EXPRESSING DISAPPOINT AT THIS "MOST RECENT X TURN OF EVENTS." THIS LETTER CONTINUES AS FOLLOWS:
QUOTE IT APPEARS THAT ... THE PRESENT MANAGEMENT IS NOT CAPABLE OF EXPLOITING THE OPPORTUNITIES PUT BEFORE IT. THIS CONFIRMS MY VIEW THAT AN ESSENTAIL INGREDIENT IN THE COMPANY MUST BE PROVEN MINING EXPERTISE. PARA THIS CORPORATION WOULD BE MOST
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WILLING TO LINK UP WITH AN EXPERIENCED MINING COMPANY WITH

MARKET OUTLETS FOR BARYTES TO TAKE OVER AND EXPLOIT THE LOCAL MINE TO THE FULL. I APPRECIATE THAT THE PRESENT PROVEN DEPOSIT MAY BE CONSIDERED IN SOME CIRCLES AS BEING ON SMALL SIDE. HOWEVER, THE DEPARTMENT OF GEOLOGICAL SURVEY AND MINES CONSIDER THAT THERE MAY EXIST SOME HALF MILLION TONS OF RESERVES WHICH ARE AS YET UNPROVEN. IF THESE DEPOSITS DO IN FACT EXIST THEN THERE IS POTENTIAL FOR A MINING OPERATION OF CONSIDERABLE ECONOMIC LIFE. PARA THIS CORPORATION, TOGETHER WITH THE DEPARTMENT OF GEOLOGICAL SURVEY AND MINES, WOULD BE WILLING TO BEAR 50PERCENT OF THE COST OF SUCH DRILLING AS IS NECESSARY TO PROVE THE EXTENT OF THE UNQUANTIFIED DEPOSITS IN COOPERATION WITH A PARTNER WITH WHOM NIDCS COULD GO ON TO EXPLOIT THEIR FULL POTENTIAL. IN ADDITION TO THE FINANCIAL CONTRIBUTION FOR EMPLORATION FROM OUR SIDE WHICH WE ESTIMATE AT ABOUT R25,000, THE DEPARTMENT OF GEOLOGICAL SURVEY AND MINES WOULD MAKE AVAILABLE ALL NECESSARY GEOLOGICAL BACK-UP FACILITIES NEEDED FOR THE PROVINGTESTS. PARA FROM DISCUSSIONS WITH MR. JORDAN AND MR. BAILEY OF IMCO AND HALLIBURTON I AM LEFT WITH THE IMPRESSION THAT THESE COMPANIES WOULD MAKE IDEAL PARTNERS. I WOULD LIKE ONECE MORE TO CALL ON YOUR SERVICES AND WOULD REQUEST YOU TO MAKE OUR FEELINGS KNOWN TO THE APPROPRIATE PERSON IN THE GROUP TO OBTAIN HIS REACTION TO OUR PROPOSAL. IDEALLY ONE OF THEIR MINING ENGINEERS OR GEOLOGISTS SHOULD PERHAPS COME OUT TO DISCUSS THE EMPLORATION PLAN IN DETAIL WITH THE DEPARTMENT OF GEOLOGICAL SURVEY AND MINES. PARA I THANK YOU AGAIN FOR YOUR HELP IN THIS MATTER. END QUOTE

3. COMMENT: THIS LETTER CONFIRMS GOS INTEREST EXPRESSED ORALLY TO BAILEY (REF B), IN COOPERATING WITH IMCO-HALLIBURTON IN ZEXPLOITING SWAZILAND'S BARITE DEPOSIT. IF IMCO-HALLIBURTON IS INTERESTED IN THE JOINT EXPLORATION PROPOSAL OUTLINED IN NATHAN'S LETTER, AND IF THIS EXPLOATION PROVES THE EXISTENCE OF A MINIMUM OF HALF A MILLION TONS OF ORE, EMBASSY IS CONVINCED THAT GOS AUTHORITIES WOULD BE PREPARED TO WORK OUT AN EXPLOITATION AGREEMENT DIRECTLY WITH IMCO-HALLIBURTON THAT WOULD NOT REPEAT NOT INVOLVE KLIPEN. WE SUSPECT THAT DAVIDSON'S DECISION REPORTED PARA 2, REF A, MAY HAVE BEEN INFLUENCED BY UNCLASSIFIED

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JORDAN'S LETTER OF WHICH HE WAS PROBABLY AWARE. EMBASSY THEREFORE REQUESTS THAT NATHAN'S PROPOSAL BE PRESENTED TO DAVIDSON WITH STRONG RECOMMENDATION THAT IMCO-HALLIBURTON ENTER INTO NEGOTIATIONS WITH GOS FOR FURTHER EXPLORATION OF BARITE DEPOSIT IN SWAZILAND. LANE

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Disposition Event:
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